

# Botswana

## Stability in Sub-Saharan Africa

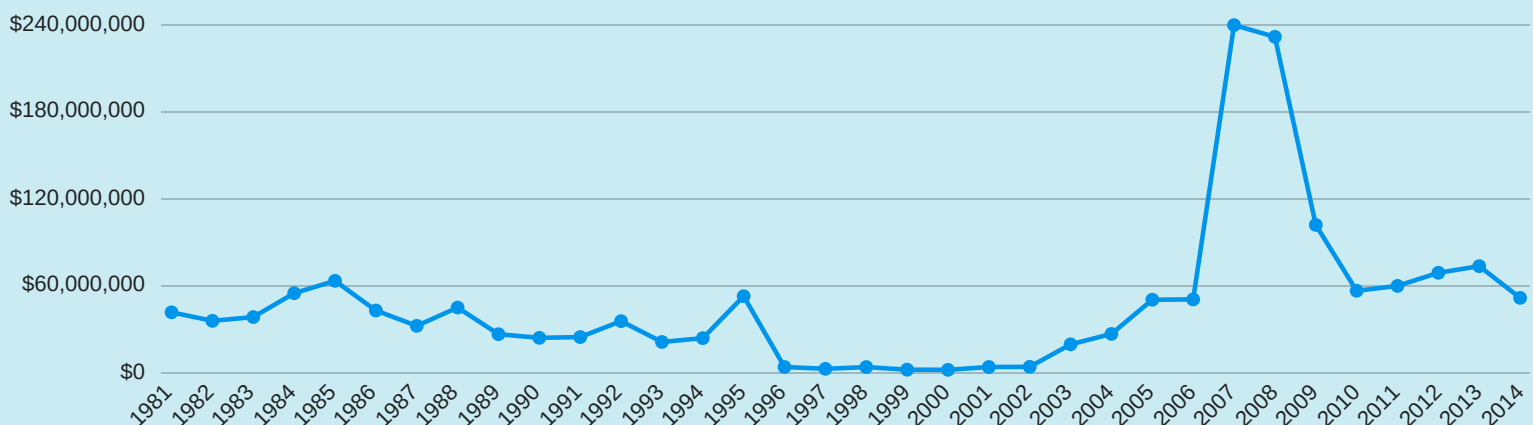


Botswana has transitioned from a dependent aid recipient to middle-income status with a small aid portfolio. Today it is now one of the most stable and economically prosperous nations in sub-Saharan Africa. However, when it gained independence in 1966, Botswana had a GDP per capita that ranked among the lowest in the world. Subsistence farming made up a large portion of the country's economy. At the time, the United States provided it with approximately \$10 million per year in foreign assistance, with that number reaching a high of over \$100 million in 1972, largely in economic and agricultural development aid. In addition, shortly after independence, Botswana also began a series of reforms that jumpstarted its economy, endowing it with a greater level of economic autonomy. These changes included sweeping liberal economic and political reforms, the cornerstones of which were a democratic government, competitive elections, and strong economic institutions that promoted fair and free market practices.

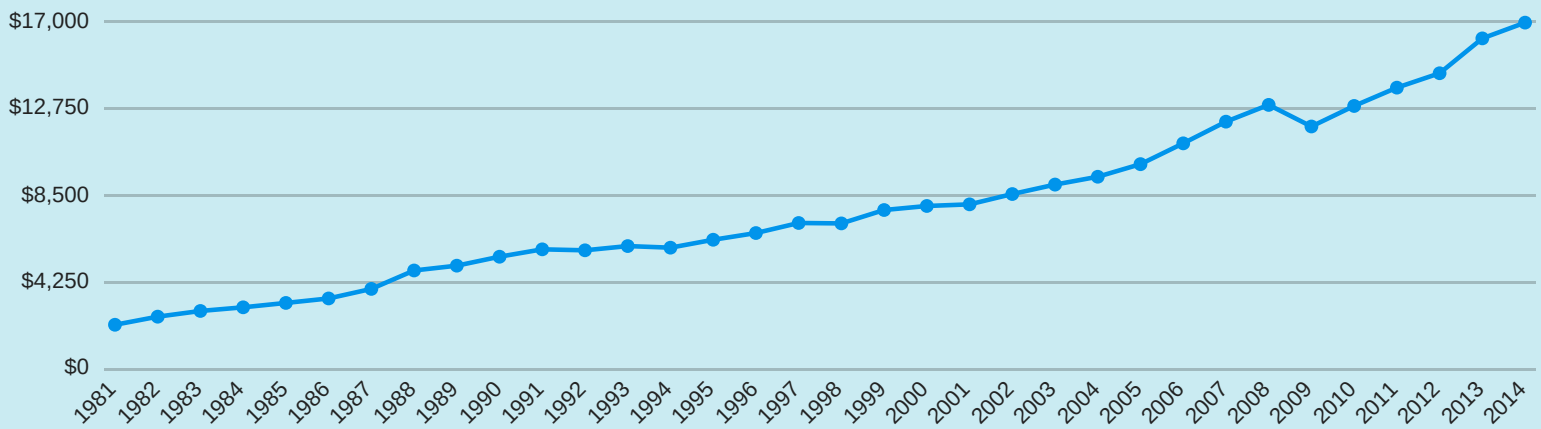
In the 1970s, Botswana became a major exporter of diamonds, and the government claimed 50% ownership over Debswana, the country's main mining company. Because of this, Botswana experienced a significant boom: from 1966-1990, growth averaged 9% each year, propelling Botswana to become one of the most prosperous nations in sub-Saharan Africa. This economic strength also developed within a system of governance that included low levels of corruption. Diamonds rose to become 85% of total export earnings, over 60% of total exports, a quarter of the nation's GDP, and the source of one third of government revenue. For the remainder of the 1970s and 1980s, U.S. assistance to Botswana hovered around \$50 million annually, with a focus on support for growing the economy, largely through agricultural and economic assistance, especially Peace Corps aid, as well as modest military support. By 1997, U.S. aid had declined to just \$3 million, and Botswana reached a level of development comparable to that of Turkey or Mexico.

In the 1980s, Botswana was hit heavily by the HIV/AIDS epidemic: it is estimated that over 20 percent of the population became infected, the third-highest prevalence rate in the world. By the late 2000s, the United States met this challenge, providing \$156 million through the President's Emergency Plan for AIDS Relief (PEPFAR) in 2007.

U.S. Aid Obligations, 1981-2014



## GDP per capita, Botswana, 1981-2014



In the years that followed, the country was blindsided by the global financial crisis: with an undiversified economy fueled by luxury exports, growth slowed between 2005 and 2008, and the economy contracted by 5.2% in 2009.

Since 2010, U.S. aid to Botswana has remained at approximately \$60 million annually, with the vast majority of the funding focused on HIV/AIDS health issues through the PEPFAR program. After rebounding modestly from the recession, Botswana has also received assistance to combat persistent economic issues, such as an unemployment rate above 20% and a lack of industry diversification. This assistance continues to make a positive impact: while Botswana's economy is still largely fueled by diamond exports, a burgeoning ecotourism sector and more diversified industries bolster economic stability, and greater health nationwide will greatly benefit the country. Botswana remains one of the most politically and economically healthy countries in sub-Saharan Africa, and continued growth will mean rising incomes, improving health, and a strong trading partner for the United States.

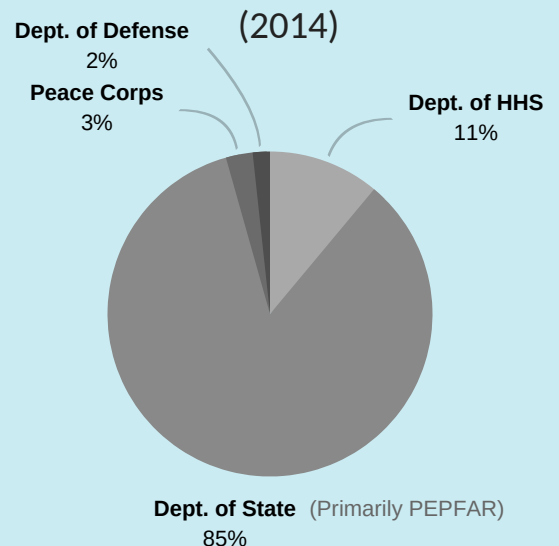
### Botswana in 1992

GNI per capita:	\$3060
US Trade Value:	\$59 million
IGO Membership:	Southern African Development Community (host), UN

### Botswana Today

GNI per capita:	\$6820
US Trade Value:	\$865.4 million
IGO Membership	SADC, UN, ICC, African Union

### U.S. Aid Obligation Breakdown



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